



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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January 31, 1985

Mr. James Bruce
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Attorneys at Law
Post Office Box 2068
Santa Fe, New Mexico

Re: CASE NO. 8435
ORDER NO. R-7794

Applicant:

~~Coastal Oil & Gas Corporation~~

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

R. L. STAMETS
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD _____ *
Artesia OCD _____ *
Aztec OCD _____

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE No. 8435
Order No. R-7794

APPLICATION OF COASTAL OIL AND
GAS CORPORATION FOR COMPULSORY
POOLING AND AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on December 19, 1984, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 30th day of January, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Coastal Oil & Gas Corporation, seeks an order pooling all mineral interests in the Devonian formation underlying the S/2 of Section 6, Township 13 South, Range 35 East, NMPM, to be dedicated to a well to be drilled at an unorthodox gas well location 1650 feet from the South line and 660 feet from the West line of said Section 6.

(3) The applicant further seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Atoka formation underlying the NW/4 SW/4 of said Section 6, to be dedicated to the above-described well which would be a standard oil well location thereon.

(4) At the time of the hearing the applicant, Coastal Oil and Gas Corporation, requested dismissal of those portions of this case relating to compulsory pooling and received approval to amend the well location to a less unorthodox location 1650 feet from the South line and 990 feet from the West line of said Section 6.

(5) The S/2 of said Section 6 is to be dedicated to the well to form a standard 320-acre gas proration and spacing unit in the Devonian formation.

(6) A well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(7) No offset operator objected to the proposed unorthodox location.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

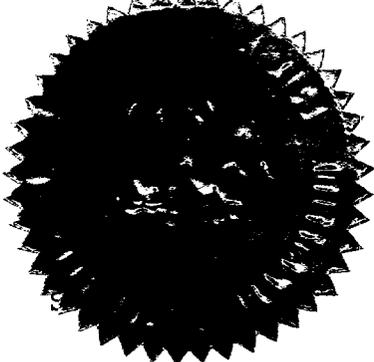
(1) The application of Coastal Oil and Gas Corporation for an unorthodox gas well location for the Devonian formation is hereby approved for a well to be located at a point 1650 feet from the South line and 990 feet from the West line of Section 6, Township 13 South, Range 35 East, NMPM, Lea County, New Mexico.

(2) The S/2 of said Section 6 shall be dedicated to the above-described well.

(3) Those portions of this case seeking compulsory pooling of all mineral interests in the Devonian formation underlying the S/2 and all mineral interests from the top of the Wolfcamp formation down through the base of the Atoka formation underlying the NW/4 SW/4 of said Section 6 are hereby dismissed.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. STAMETS,
Director